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Wednesday, August 24, 2005
 Arizona Corporation Commission
 1200 W. Washington
 Phoenix, Arizona 85007

2005 AUG 25 1P 2:30

AZ CORP COMMISSION

Reference; Sept 8th Rate increase request regarding UniSource Energy Services

Honorable Commissioners: Hatch-Miller, Spitzer, Mundell, Gleason & Mayes;

I am a resident of Navajo, County Arizona. Navajo, Apache & parts of Coconino Counties are the poorest counties in all of Arizona. These counties have the highest percentage of working poor (according to Federal Guidelines) in all of Arizona. Most families in these counties struggle obtaining the basic necessities of life, especially the elderly.

The Poor counties of North East Arizona experience very cold winters. The gas rate increase would cause an undue burden on the people of these counties. UniSource Energy claims the "typical" household bill would increase by approximately \$18.00 a month. (Per Article published in the Silver Creek Herald dated 08-23-05)

I feel, UniSource Energy has mislead the public and the corporation commission in that the "typical" household figure was based on Maricopa County "typical" households where winter heat may not be needed at all, due to the mild winter conditions. It is my feeling that the "typical" household winter heating bill in NORTH EAST ARIZONA will increase as much as \$120.00 or more especially for the elderly who are more susceptible to winter conditions. This would be unaffordable to the working poor, which makes up the largest percent of North East Arizona.

Attending the meeting on this agenda in Phoenix, (400 mile round trip) would be a financial burden on the working poor in North East Arizona, as you know, gasoline is averaging \$2.65 a gallon, and one would have to take a day or two off of work (probably a low paying job) to attend. When putting Ramen Noodles on the table is a hardship in itself, citizens from North East Arizona attending a meeting in Phoenix is NOT a REALITY and UniSource Energy knows this.

Therefore I urge you to **Strike Down** UniSource Energy's request for a rate increase or surcharge.

I feel if UniSource Energy was not grossly mismanaged, and it executives took a pay cut from their grossly exaggerated salaries a rate increase that would negatively affect hundreds of thousands of working poor in North East Arizona would not be necessary.

(Continued)

Arizona Corporation Commission
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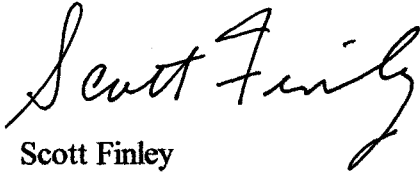
AUG 25 2005

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CM

Thank you for reading this letter from a single parent, and working poor taxpayer.

Sincerely,

A handwritten signature in cursive script that reads "Scott Finley". The signature is fluid and stylized, with the first and last names being clearly legible.

Scott Finley
P.O. Box 744,
Snowflake, Arizona 85937

Higher Natural Gas Costs Move UES To Seek Higher Surcharge

UniSource Energy Services (UES) has asked the Arizona Corporation Commission (ACC) to approve a new surcharge on customers' gas bills beginning Oct. 1 to recover the rising cost of natural gas purchases.

The new 27 cent surcharge would represent a 24 cent increase over the three cent per therm surcharge that has appeared on customers' bills since April. Steep increases in the wholesale price of gas and an impending rate increase by El Paso Natural Gas Co. (EPNG), which delivers gas to UES, will drive this winter's gas costs well beyond the level that can be recovered through current rates.

If the ACC approves this request, the typical UES residential customer's monthly bills would increase by an average of \$18 per month from November through April, when gas usage peaks, and by an average of \$4.80 per month from May through October.

UES officials said the firm would not profit from the proposed surcharge. Under rates approved by the ACC, UES passes the wholesale cost of gas along to customers through a formula designed to ease dramatic price fluctuations. When gas prices rise dramatically, though, UES must seek a surcharge to recover the costs it incurs to purchase gas for its customers.

The wholesale cost of natural gas for use this winter has risen to 95 cents per therm, well above the price of between 60 cents and 70 cents per therm that was anticipated when UES asked the ACC to approve a six cent per therm surcharge in January. The ACC approved the current three cent per therm surcharge in March.

The EPNG rate increase, which will take effect in January 2006, will add approximately \$9 million per year to transportation costs that UES pays in association with its gas purchases. That cost was not built into either the current surcharge or the basic UES rates that took effect in August 2003.

UES has asked the ACC to consider its request during an open meeting scheduled Sept. 8 so that the surcharge might take effect beginning Oct. 1.

If the current three cent surcharge is not increased, UES expects to accumulate \$25 mil-

lion in uncollected gas costs by January 2006 and \$45 million by January 2007. Those costs ultimately would be passed on to UES customers in coming years, forcing future residents to subsidize the cost of natural gas used this winter.

UES can help customers find ways to reduce their bills through conserving energy. The company's Web site, uesaz.com, features a variety of energy saving tips as well as the UES Energy Advisor, an interactive guide to improving a home's energy efficiency. Customers also can call 877-UES4YOU (877-837-4968) for more energy saving advice.

UES also offers several programs designed to help those hardest hit by high energy costs.

The CARES program offers discounts of up to \$15 per month to customers whose household income does not exceed 150 percent of the federal poverty level. A family of four earning \$2,400 or less per month is eligible for assistance through CARES. To find out if they qualify for this discount, customers should contact UES soon to be sure their registration can be completed before heating season arrives.

UES has joined its customers in supporting Warm Spirit, a program that provides qualified residents with emergency assistance in paying their bills. In 2005, UES began matching

its customers' contributions to Warm Spirit dollar for dollar to provide additional resources for needy families.

UES also provides weatherization funding to support the efforts of social service agencies that help low income customers make their homes more energy efficient. The program provides up to \$2,000 per home for increased insulation, weather stripping, furnace replacement and other improvements.

To apply for weatherization assistance, customers in Navajo County may contact NACOG at 119 E. Aspen Ave. in Flagstaff, or by phone at (928) 774-3756.

SILVER CREEK
HERALD

928-524-6203

928-536 3794

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